

## Morgan Stanley UK Group Pension Plan (the 'Plan')

### Climate change governance and reporting – Summary Year Ended 31 December 2023



The Trustee aims to target **net-zero carbon emissions by 2050** across all the Plan's assets. Across the DC Section, the Trustee has set an interim target in relation to the Passive Global Equity Fund, to **reduce the carbon intensity\* of the Fund by 45% by 2030** (relative to a 2021 baseline). Across the DB Section, the Trustee has **aligned its climate targets with the UK government** given the majority of holdings are in UK government bonds.

#### WHY TAKE ACTION?



The Trustee of the Plan recognises climate change as a risk that could impact the financial security of members' benefits if it is not properly measured and managed. The Trustee also recognises that climate change presents an opportunity, by investing in companies or assets that are expected to perform well in an economy that is positioned to address the challenges associated with climate change.

#### KEY ACTIONS TAKEN IN 2023

- Metrics and Targets:** The Trustee has collected and reported updated climate metric data in relation to the Plan, including for scope 3 emissions where available. The Trustee has also assessed progress relative to the climate-related targets it has set.
- Governance:** The Trustee received training on different approaches to climate scenario analysis alongside an annual review of ESG beliefs and Plan governing documentation.
- Risk Management:** ESG and Stewardship have been embedded in manager monitoring process.
- Strategy:** The Trustee reviewed the results of climate scenario analysis completed in the previous year and concluded that no update was required.

#### METRICS (DIVERSIFIED DEFAULT OPTION\*\*)

##### THE GREENHOUSE GAS EMISSIONS (SCOPE 1+2) FINANCED



##### EMISSIONS INTENSITY: THE AMOUNT OF GREENHOUSE GAS EMISSIONS PER \$M INVESTED

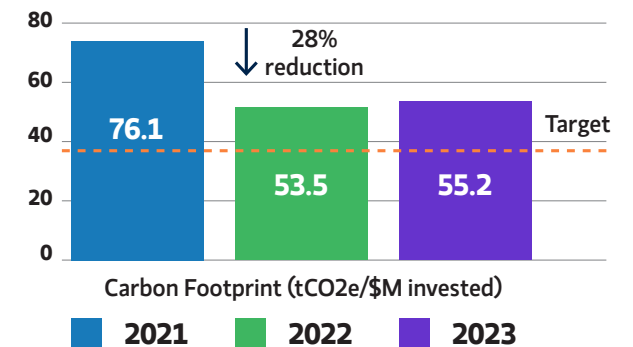


##### THE PROPORTION OF COMPANIES ALIGNING WITH NET ZERO



The quality of data improved over the observation period, with the amount of reported data increasing with less reliance on estimated data.

#### PROGRESS AGAINST TARGET



Over the year, the carbon intensity of the Passive Global Equity Fund increased slightly but remains 28% below the 2021 position (relative to the 45% target). The Trustee will continue to measure the trend in this metric over time and will keep under review the actions that can be taken to further manage climate-related risk within the Fund over time.

\* Measured on a Carbon Footprint basis (based on scope 1 and 2 emissions only).

\*\* Considers the listed equity and corporate bond components only.

\*\*\* Science Based Targets Initiative.